



July 17, 2019

The Honorable Roy Cooper
North Carolina Office of the Governor
20301 Mail Service Center
Raleigh, NC 27699-0301

Re: Potential Veto of SB 392

Dear Governor Cooper,

The North Carolina Justice Center respectfully urges you to veto SB 392 – Various Charter School Changes.

SB 392 includes several troubling provisions, but most concerning is Section IV dealing with the expansion of the Virtual Charter School “Pilot” Program. This provision would allow virtual charter schools that are not under monthly compliance monitoring by the State Board of Education to expand by 20% annually without any discretion or review on the part of the State Board of Education. These schools could also expand by more than 20% with State Board approval. Current law caps enrollment at 2,592 for each school, although the State Board could still approve enrollment increases up to 20% if they determine that doing so would be in the best interest of North Carolina students. The State Board has already approved such an enrollment expansion for the K12 Inc. - backed North Carolina Virtual Charter Academy that is not subject to monthly compliance monitoring, rendering this provision at best unnecessary.

State Board review is needed for these sorts of massive enrollment increases that compound annually, particularly in the case of virtual charter schools due to their troubling record in North Carolina and across the nation.

Academic Concerns

In their first year of operation, **both virtual charter schools finished dead last in the state in student growth.** The North Carolina Virtual Academy finished in the bottom 4% of all schools in each of the next two years, and the North Carolina Connections Academy consistently finished dead last.¹ Proponents of this legislation claim the only reason these schools are doing so poorly is that they serve students with high levels of need, but growth scores take these characteristics into account and are even more problematic than their overall ‘D’ grades and consistent inclusion on the list of low-performing schools.

These failures were entirely predictable, as a 2015 analysis from Stanford University showed that virtual charter school students achieved the equivalent of 180 fewer days of instruction in math and 72 fewer days in reading than students in traditional public school.² One of the researchers observed that “it literally is as if the kid did not go to school for the entire year”.

¹ <http://www.ncpublicschools.org/accountability/reporting/>

² <https://credo.stanford.edu/pdfs/OnlineCharterStudyFinal2015.pdf>



Accountability and Transparency Issues Lead to Fraud

Unlike local public schools and brick and mortar charter schools, virtual charter schools are not required to take daily attendance. Instead, these schools simply ensure that students log in at least once every ten days. They also showed massive withdrawal rates upwards of 30% before the General Assembly changed the definition of a withdrawal to exclude almost all of the withdrawals that were occurring. Virtual charter schools in other states have been caught falsifying grades to avoid accountability measures and inflating enrollment numbers to draw down increasing amounts of state funding.

This past week in Indiana, investigators found that virtual charter schools had cost taxpayers \$40 million by inflating enrollment figures, including enrolling a deceased child, and state officials are attempting to recoup that funding.³ And just today, virtual charter operators in Oklahoma were charged with embezzling over \$10 million by inflating enrollment counts.⁴ Also this week, a K12 Inc. data breach exposed the information of about 19,000 students.⁵ Rather than expanding these schools, other states like Delaware, Indiana, Ohio, New Mexico, South Carolina, and Pennsylvania have either closed or are currently in the process of closing virtual charter schools due to poor performance and fraud.

Scarce Funding Should Focus on Effective Programs

North Carolina is already spending increasingly limited funding on virtual charter schools. The purpose of a pilot program is to be able to evaluate a program to determine how well it is doing before it grows too large. The legislature originally required an evaluation before this round of virtual charter school growth, but they recently eliminated that requirement and have pushed forward with expansion efforts. All available signs point to major problems with these schools, and there is no independent research suggesting that they are doing well. The money spent on virtual charter schools could be put to far better use by investing in early childhood education, textbooks, master's degree pay, or the public school system that produces dramatically better outcomes and is not rife with accountability problems.

Virtual charter schools have symbolic value as the most egregious example of a system of school privatization that has gotten out of control of in North Carolina and it is time to take a stand. Our children and our state deserve better. We hope that you will veto this legislation

Thank you for your commitment to public education and service to our state,

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³ https://www.washingtonpost.com/education/2019/07/15/indiana-virtual-schools-received-lots-public-money-now-state-wants-million-it-back/?utm_term=.7ece964338b8

⁴ <https://oklahoman.com/article/5636395/epic-embezzled-millions-with-ghost-students-osbi-says>

⁵ <https://blogs.edweek.org/edweek/DigitalEducation/2019/07/k12-data-privacy-breach.html>